

THURSDAY, MARCH 18, 1886

A TEXT-BOOK OF POLITICAL ECONOMY

A Brief Text-Book of Political Economy. By Francis A. Walker. Pp. iv.-415. (London: Macmillan and Co., 1885.)

PROFESSOR WALKER'S "Text-Book," for the most part an abridgment of the larger work published in 1883, deserves to be received with the highest commendation as supplying a much-felt want in English literature of the subject. An introductory treatment of so complex a study as political economy, written with due insight into the theoretical difficulties of the subject, and at the same time with adequate notice of the practical problems which these involve, can hardly be said to be given in any of the smaller manuals in current use in this country. The praiseworthy work of the late Prof. Fawcett, with its condensation by Mrs. Fawcett, kept on the whole too rigidly to the lines prescribed by Mill's classical treatise, and remained unaffected by many discussions which had shown the need of altering or amending the cardinal doctrines so forcibly stated by Mill. There is hardly any portion of the theory of political economy which has not received attention since the date of Mill's exposition, while the pressure of new practical problems has of itself been sufficient to render necessary some revision of the general theory. Prof. Walker, while retaining on the whole Mill's general conception of the limits and divisions of economical science, has incorporated many results of recent research, and has in addition so keen an eye for practical issues that his exposition, even when remaining within the lines of the older doctrine, gains peculiar freshness and interest.

Of the six parts into which the work is divided, the first contains a brief statement, mainly based on Cairnes, of the character and logical method of Political Economy. Parts II., III., IV., on Production, Exchange, and Distribution, contain an admirable *résumé* of the current doctrine, with certain important modifications. As excellent specimens of the way in which the author's keen appreciation of practical conditions enables him to state economical principles in a novel and forcible manner, I would instance the chapters on labour and productive capacity (Part II., Chapters 2 and 4), that on the reaction of exchange upon production (Part III. Chapter 7), and the treatment of market prices. Opinions must differ in regard to what should be included for purposes of elementary instruction under the three staple heads of production, exchange, and distribution, as also in regard to the most suitable order of treatment. Generally Mr. Walker's choice is wise, and his exposition clear of the more thorny theoretical difficulties. It appears to me, however, that much greater expansion might have been given to the section which follows out division of labour into its concrete form—the specialisation of industries, employments, and localities, and in particular the separation of industrial functions. Without a descriptive basis of some such kind, the student finds far too wide a gap between his hypothetically deduced theory of exchange and distribution and the facts of practical life. More might with advantage have been said on the way in

which this social development affects competition, and so some more concrete view of capital obtained than is contained in the chapter on that subject. Justice is barely done to the theoretical notions involved in the determination of normal value, and I think that most useful illustrations of a quite elementary kind are to be had from the treatment of local and temporary variations of price, and of cost of transport or circulation. I am unable to persuade myself that the treatment of seignorage, on which Prof. Walker lays unusual stress, is the best or even a good introduction to the discussion of inconvertible paper money, and generally the sections on money seem to me to leave much to be desired. Possibly the problem of the determination and the variation of general prices is too hard for an introductory treatise, but, if it be omitted, unusual caution is required in laying down abstract propositions regarding demand and supply of money. I do not know how Prof. Walker, usually very careful in his use of terms, will reconcile the statements about "inflation" in §§ 164 and 186. On certain points in the treatment of distribution a remark will later be made.

In Part V. a very interesting and instructive treatment is given of some portions of the theory of Consumption. Prof. Walker seems to me justified in all he says of the importance of this part of the subject. But it has peculiar difficulties, and tends to bring before one rather forcibly the often-recurring doubts as to the economical statics which have preceded it. Perhaps political economy is hardly yet in a position to take the important step of regarding its statics as but a special case of the more general, more important, but less easily formulated dynamical principles.

Part VI.—"Some Applications of Economic Principles"—contains interesting but, on the whole, over-brief treatments of some mixed problems of economics and politics, ranging from usury laws to protection. So far as the book is designed for students beginning the subject, nearly the whole of this part might with advantage have been omitted; it does not seem possible to deal satisfactorily in the compass of a few pages with such involved problems as bi-metallism, progressive taxation, and protection.

The treatment of distribution is the portion of Prof. Walker's work in which he deviates most widely from the current doctrine as laid down in Mill's treatise, in which he tends more towards the view of certain French and German economists. The tendency seems to me to be in the right direction, but not to have been allowed sufficient development, and although I attach high value to this portion of Mr. Walker's work, both in its abridged and its larger form, I cannot think that he has been entirely successful in threading the labyrinth of distribution. It is in the province of distribution that the abstraction by the aid of which the economist proceeds to develop his theorems becomes at once most necessary and most dangerous—most necessary, for there is absolutely no single fixed significance attached to the fundamental terms employed; most dangerous, because the attempt to sever may reduce living reality to a mere economical *caput mortuum*. In the theory of production it is comparatively easy to form the *schema* or general picture of the elements, their relations and movements, which constitute the fact to be analysed; nothing is

x

harder than to form any one self-consistent *schema* of the line within which distribution falls. The common complaint that the fundamental categories of rent, interest, wages, and profits, have in popular usage a meaning not that assigned to them by the economists, only expresses a small part of the difficulty. There is hardly an economical treatment of the subject which altogether evades the consequences of the peculiar difficulty that these terms are indifferently employed to mark the remuneration which, in a hypothetical or actual state of society, falls to distinct industrial functions, and the shares which, in like circumstances, are enjoyed by distinct industrial classes. Hardly anywhere is there sufficient recognition of the important distinction between the proximate and the ultimate conditions through which the distribution of produced wealth comes about. Illustration of these difficulties can be given only from Prof. Walker's excellent and most instructive treatment of profits. Here, following, or at all events coinciding with, some of the best Continental economists, Prof. Walker develops the notion of the *entrepreneur* and his industrial function, and assimilates the remuneration of the *entrepreneur* to rent, from which follow certain important general propositions. Profit, apparently, is regarded as the title of the share falling to the *entrepreneur*. Now, undoubtedly there is a portion of the share falling at any given time to the *entrepreneur* which in its origin and laws is identical with rent, for rent is a quite general consequence of any inequality, howsoever arising, in productive sources at any moment needed for the satisfaction of social wants. But it is impossible to identify this with profit at large, —an identification which Prof. Walker appears to reject in § 255, but which he accepts without qualification in the proposition that there is a class of no-profit *entrepreneurs*. There is doubtless a class of no-profit *entrepreneurs*, but the immediate inference is that the term profit is not equivalent to remuneration of the *entrepreneur*, while it is a further consequence that, in quarters where it has not generally been looked for, there is precisely the same rent-element, in wages *e.g.*, and in payment for the use of capital. What conceals it from us in many cases, and makes it disappear in particular conditions, is the greater perfection of the market for services, which tends to remove the inequalities out of which rent essentially emerges. Prof. Walker's analysis of the *entrepreneur* remuneration seems thus to be far from adequate, though it is on the right track. He has not sufficiently recognised that, if we take *entrepreneurs* as a class, then, by whatsoever name we describe it, their remuneration will be a complex quantity, proximately determined by the conditions under which the exercise of the *entrepreneur* function at any moment meets a social want, ultimately breaking up into a number of distinct remunerations, each having its own natural origin and laws. So with wages. To begin the analysis of wages with the conception of the hired labourer, though it keeps one closer to practice, is only to make a first step, and ought not to conceal from us the essentially complex character of the payment so-called. I believe that fundamentally I am in agreement with Prof. Walker in his view of the ultimate condition determining wages, but I cannot assign such importance to it as he seems to do, and I wish that he had observed his own prudent

caution (§ 9) regarding the word property, and not thought it necessary to say (§ 273) that, after deduction of rent, profits, interest, "the whole remaining body of wealth daily or annually created is the property of the labouring class"! This is either one of the many truisms that abound in theoretical economics, or it is a dubious, ambiguous, and incautious rule for practice. It is to be added, however, that Prof. Walker's practical observations about wages in §§ 278-239 are excellent and to the point.

R. ADAMSON

ALGÆ

Till Algernes Systematik. Nya bidrag af J. G. Agardh (Fferdeafdelningen). VII. "Florideæ." *Lunds Univ. Årsskrift*, tom. xxi. 4to. (*Proceedings of the University of Lund, Sweden, 1886.*)

FOR more than forty-five years the venerable author —now a septuagenarian—of the work mentioned at the head of this notice, has continued to produce, at brief intervals, a succession of standard works on Algæ. We hope this will not be the last. The present work is a fourth instalment of Dr. Agardh's "Contributions to the Systematic Classification of Algæ." The three preceding parts have been already reviewed in NATURE.¹

The recent part, which consists of 117 pages, is devoted to the Florideæ. Besides observations elucidating many genera and species already partially known, it contains descriptions of three new genera and between fifty and sixty species. Of the new genera, Titanophora, which belongs to the Nemastomeæ, contains two species—*T. incrustans*, J. Ag. (*Halymenia incrustans*, J. Ag.), and *T. Pikeana* (*Galaxaura Pikeana*, Dickie)—both from Mauritius. The other new genera belong to the Rhodymeniaceæ, namely, Glaphyrymenia, of which there is one species—*G. pustulosa* (see Fig. 4)—and Merrifieldia, which also contains one species—*M. ramentacea*. The last-mentioned alga is one among several instances where the algologist has had to wait many years before he had amassed sufficient material to enable him to give an accurate description of the plant, and to decide on its place in the system. Every one who has collected algæ must know how frequently it happens that plants are dredged or cast ashore in an imperfect state. In some the lower part may be absent; in others the apices of the ultimate branchlets may be broken off; in others, again, the plants may be sterile; or, in the case of the Florideæ, they may bear but one species of fruit. Until, therefore, perfect plants, bearing ripe cystocarps, and others bearing sphaerospores, have been thoroughly examined, neither the genus nor the species of the plant can be accurately determined. *M. ramentacea* was first partially described by C. Agardh, in the "Systema," upwards of sixty years ago, under the name of *Chondria ramentacea*, and afterwards by his son, Dr. Agardh, in the "Epicrisis" (p. 661), as *Hypnea ramentacea*. The examination of subsequent examples, with fruit of both kinds, has induced Dr. Agardh to consider this alga as the typical species of a new genus.

¹ The first part, containing a revision of (1) Caulerpa, (2) Zonaria, and (3) certain groups of Sargassum, was published in 1872, in vol. ix. of the *Proceedings of the University of Lund*; the second part, containing (4) Chordarieæ, and (5) Dictyotæ in vol. xvii.; and the third part, containing (6) Ulvaceæ in vol. xix. of the *Proceedings of the same University*.